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INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE

C O N F I D E N T I A L STOCKHOLM 000913

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E.O. 12958: DECL: 06/20/2016

TAGS: PREL PGOV SW

SUBJECT: UPCOMING PARLIAMENTARY ELECTIONS A DEAD HEAT; LEFT AND GREENS WANT A PIECE OF SOCIAL DEMOCRATS ACTION

Classified By: Polcouns Casey Christensen, reason 1.4
(b) and (d).

Summary

¶1. (sbu) Recent opinion polls show the Social Democrats (SDP) and their Green and Left support parties have closed the gap with the opposition alliance; the parliamentary elections now look to be a dead heat. The Green and Left parties have claimed the right to a more influential role within a potential future SDP dominated government following the September 17 election. End Summary.

Opposition Drops Back, SDP Surges

¶2. (sbu) Several recent polls have shown that the earlier lead of the opposition alliance over the SDP-led triumvirate has evaporated in the past few months. The race now appears to be a dead heat. But even though the opposition has lost its earlier substantial lead, this election still looks like the best chance the Moderate-led opposition has had of winning since they were last in power from 1991-1994.

¶3. (sbu) The SDP has been tainted by a number of scandals over recent months, but the arrival of summer of and signs of a strong economy seem to have made Swedes less concerned with the improprieties of leading Social Democrats. Fresh statistics from the Labor Market Board indicate that unemployment reached a low of 4.2 percent in May, very welcome news to the Social Democrats, as unemployment is the main target of attack for the leading opposition party, the Moderates. According to an FSI poll published on the May 28, 46 percent of the electorate believed an SDP election victory was likely, versus 37 percent forecasting an opposition victory. The opposition was leading in the polls by 3 percentage points as recently as March. During the past 18 months, the opposition have consistently led in the polls, by as much as 8 percent. Public sentiment appears to have shifted sharply. A Sifo poll published on June 18 put the SDP-led block in the lead with 48.9 percent, versus 47.5 percent for the opposition alliance parties. It should be noted that 17.6 percent of those questioned in this poll had not yet decided or would not reveal how they would vote. Figures in many other polls have given an even higher percentage of undecided voters. The outcome of the September 17 elections appears still to be up for grabs.

¶4. (c) Comment: Developments over the past few months place a question mark on the previous optimism surrounding the opposition's prospects. While another SDP-led government is looking more likely, the opposition is very much in the race. If the SDP wins, it appears more likely -- as we discuss below -- that the current Left and Green support parties would play a more influential role in a potential future SDP-led government. Left and Green participation in, rather than just support for, an SDP-led Government would sharpen

the GoS criticism of American foreign policy and likely make the government less amenable to working with NATO and taking significant roles in places such as Afghanistan. End Comment.

Left and Greens push for Future Ministerial Posts

¶ 15. (sbu) Both of the SDP's support parties, the environmentalist Green party and the former communist Left party have on a number of occasions made clear their desire to gain ministerial posts in the event the SDP wins the upcoming September general election. The Greens have been most vocal in their calls for inclusion if there is a new SDP-led government. For his part, Left Party leader Lars Ohly has threatened that a Government containing only the SDP and the Greens, and excluding the Left party, could be brought down and new elections precipitated by the Left Party voting with the non-socialist parties. (Note: This assumes, as is likely, that the SDP would need both the Green and Left parties support in order to govern.)

¶ 16. (c) The Green leadership has clearly identified the SDP as their preferred partner, but, as a bargaining chit, and in order to keep their options open, the party congress at the end of May decided that cooperation with any of the parliamentary parties should not be ruled out. The Green leadership has also publicly entertained the notion of forming a governing alliance after the election that could include, in addition to the SDP and Greens, a non-socialist party, such as the Center or Liberal party. Although this proposal was immediately dismissed by the Liberals, such statements remind the SDP that the Greens are open to switching sides and joining a coalition with some of the opposition parties if the SDP does not offer a good package. They also put Prime Minister Persson on notice that he will have to do more than tantalize -- as he has done in the past -- the Greens with ultimately ephemeral prospects of participation in the Government if they lend their support to

the SDP.

Rank and File Social Democrats Like the ex-Communists better than the Greens

¶ 17. (c) A poll published on May 27 in Dagens Nyheter indicated that 65 percent of SDP sympathizers would like to see the Left party in a coalition with the Government, as opposed to only 46 percent favoring the Greens, if the SDP finds itself after the elections in a position where it needed support to form a government. The SDP leadership, however, would prefer the Green Party over the Left party. Per our Social Democrat sources, a coalition government with the Greens or the Greens and the Left party (similar to the current constellation in Norway) cannot be ruled out. However, the SDP will not declare its coalition intentions before the election and the exact make-up of a coalition would depend on how well each party does. We note, however, that the Green Party has called for ministerial portfolios previously, and after the 2002 election finally accepted supporting a minority Social Democratic Government in exchange for significant policy concessions, the same could happen again.

Possibility of a Left or Green-Tinted Foreign Policy

¶ 18. (sbu) A potential SDP Government would clearly only consider bringing the Greens into the government if it needed them for a parliamentary majority. The Social Democrats have ruled Sweden for 70 of the past 86 years. With the exception of World War II, there was only one instance when they were required to do so as the leading partner of a coalition government (with the Center party in the 50s). The Greens and Left parties are currently limited to being support parties, with cooperation defined according to the terms of a 121 point joint program. The Left and Green parties do not currently have influence over the areas of Foreign Policy, Defense, and Energy. We note, however, that the latest defense budget bill was actually passed by the SDP with support from the Green and Left parties, as opposed to the traditional consensual defense bills that included support

from the non-socialist opposition parties.

¶9. (c) If the Greens and the Left were to join a future government, they would need to compromise their positions on a number of issues, one of the most important of these being their calls for withdrawal from the European Union. They both want referendums on EU membership and any new EU constitution. Sources within the SDP believe that foreign policy would not change substantially and that the junior partners of the SDP would need to adopt a more pragmatic line. Both the Greens and especially the left have been harsh critics of U.S. policy in connection with Iraq and Iran. Both have been highly skeptical of Sweden's participation in NATO-led deployments, including in Afghanistan.

¶10. (sbu) Informally, SDP officials make clear that although they may not particularly like working with the Green Party, it is preferable to the Left Party. The Left's communist past, its competition with the SDP for the labor vote, and its disregard for market sentiment make it hard to work with.

However, if there is an SDP-led coalition with the Greens, it may be hard to keep the Left party out.

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